CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

# Bobbie Brooks INCORPORATED

**ANNUAL REPORT** *for the year ended April 30, 1966*

# BOBBIE BROOKS, INC. ANNUAL REPORT • 1966

## CONTENTS


Report from the President ..... 4
Current Operations and Growth Planning ..... 6
Financial Activities ..... 6
Merchandising and Design ..... 6
Manufacturing Expansion ..... 8
Marketing Staff Strengthened ..... 9
Max Siegel Associates ..... 10
Stretchini ..... 11
"Four Sisters" ..... 11
Colebrook ..... 12
Symphony ..... 12
Bobbie Brooks International ..... 12
Consolidated Statement of Income ..... 13
Consolidated Statements of Capital Surplus and Retained Earnings ..... 13
Consolidated Balance Sheet ..... 14
Consolidated Statement of Source and Application of Funds ..... 16
Notes to Financial Statements ..... 16
Accountant's Report ..... 17
10-Year Financial Summary ..... 18
Officers and Directors ..... 19
Offices and Plants ..... 19


### Bobbie Brooks Divisions and Subsidiaries Providing Fashions for Women of All Ages

**Bobbie Brooks**
Day-time, play-time, date-time apparel for young adult women.

**Robbie Rivers**
Dresses, sportswear, and swimwear in junior petite sizes.

**Stacy Ames**
Dresses for career girls.

**Kelly Arden**
Junior petite dresses.

**Tammy Andrews**
Junior dresses.

**Nan-Leslie**
Shirtwaist and multi-piece dresses.

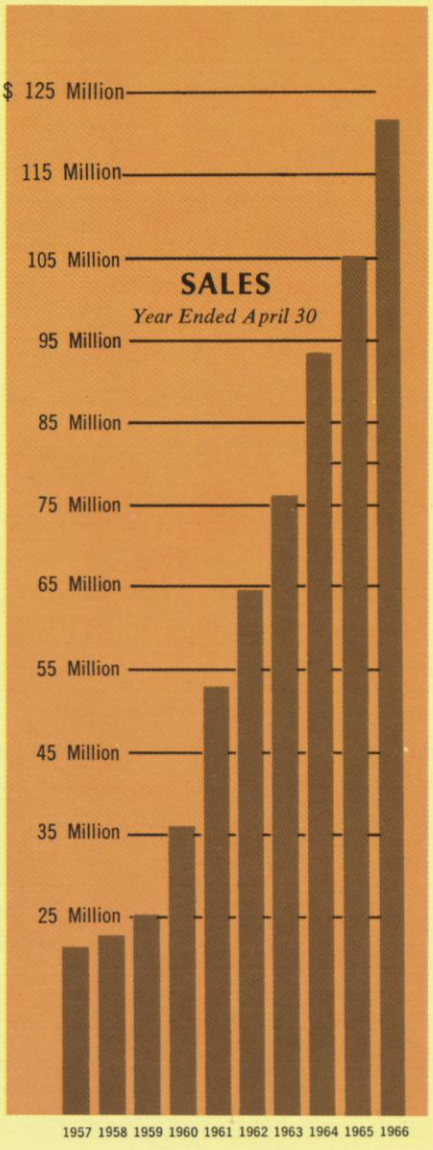
**Colebrook**
Full-fashioned sweaters, skirts and sportswear.

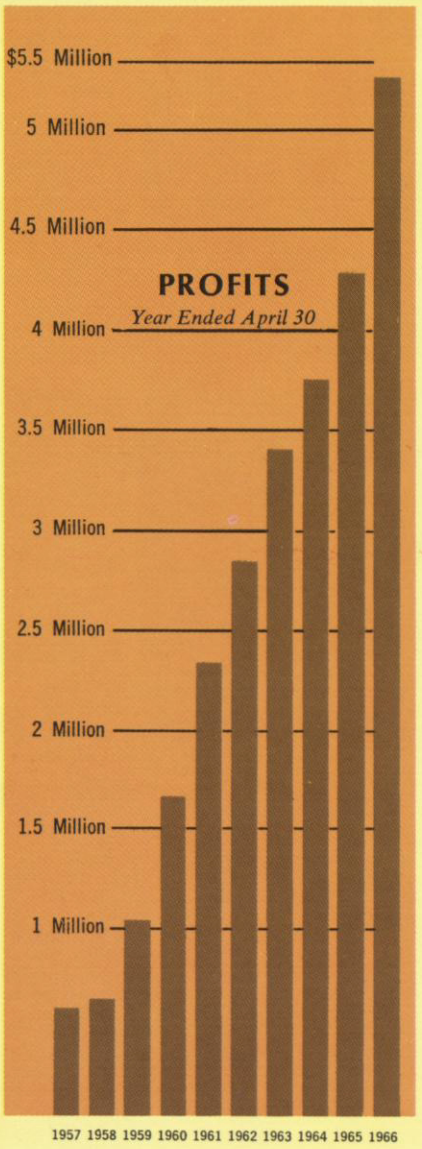
**Symphony**
Misses sportswear.

**Stretchini**
Stretchwear and coordinates for children and pre-teens.

**Max Siegel Associates**
Dresses for children and pre-teens.

"Image of the Four Sisters" is created in national advertising of the four divisions of our Stacy Ames subsidiary, represented in this photo by fashions from Kelly Arden, Stacy Ames, Tammy Andrews and Nan-Leslie.

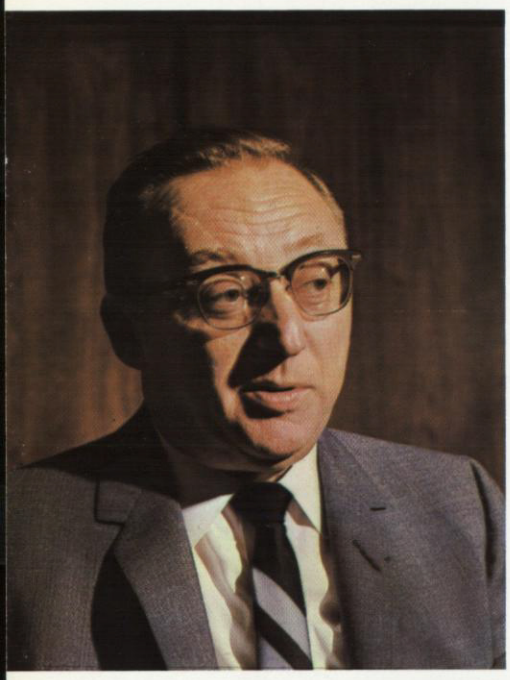



## BOBBIE BROOKS, INCORPORATED, RESULTS IN BRIEF

| | Year Ended April 30 | |
|---|---|---|
| **OPERATIONS:** | **1966** | **1965** |
| Net Sales | $121,200,489 | $105,167,210 |
| Earnings Before Income Taxes | 9,921,677 | 7,924,906 |
| Earnings After Income Taxes | 5,467,297 | 4,271,466 |
| Net Earnings Per Share Based on Adjusted Average Number of Shares Outstanding During Year | 1.64 | 1.30 |
| **FINANCIAL:** | | |
| Working Capital | $ 15,924,063 | $ 13,454,134 |
| Current Ratio | 1.5 | 1.5 |
| Property, Plant and Equipment – Net | $ 11,448,807 | $ 9,033,872 |
| Shareholders' Equity | $ 23,604,645 | $ 19,591,278 |

# PRESIDENT'S REPORT



The fiscal year ended April 30, 1966, was the 15th consecutive year in which Bobbie Brooks has set new records in sales, net income, and earnings per share.

Our volume of $121,200,489 for the 12 months ended April 30 was 15 per cent higher than during the preceding year.

Net income increased 28 percent to $5,467,297 and was equal to $1.64 a share.

Sustained sales and profit progress of the type we have enjoyed depends on balanced, planned expansion through a diversity of new projects to improve our stature in the dynamic youth markets we serve. We continue to have a number of such programs under way.

## Bobbie Brooks Division

Sales of our central Bobbie Brooks Division were approximately $78,700,000 during the past year, an increase of 15 per cent. Among newer developments in the business of this division are the following:

1 – The expansion of our styling and design staff enables us to present a more exciting fashion image to young women, with greater emphasis on complete "looks" of fashion . . . entire wardrobes rather than garments alone.

2 – Bobbie Brooks brand name leadership in fashions for young women is resulting in fine acceptance for such new products as textured stockings, swim caps, beach tote bags, triangle scarves, caps, gloves, rainwear and pea coats. This success indicates that we are in a position for expansion of our product lines. We expect to increase our rainwear and car coat programs substantially. New possibilities being actively considered include fragrance products for young women, cosmetics, shoes, and jewelry.

3 – Bobbie Brooks introduced a new brand name last year. This new line of junior petite apparel, named Robbie Rivers, was placed with more than 3700 stores in just two seasons and resulted in sales of about $4,500,000, a figure we believe can be more than doubled during the current year. This ability to introduce a new brand name and quickly build it to substantial volume adds an entirely new dimension to our growth.

## A Major Acquisition

Our largest acquisition and our first for cash rather than stock became effective last February 1, when Max Siegel Associates became a part of Bobbie Brooks.

Max Siegel Associates, with a fine reputation as a manufacturer of dresses for children and pre-teens, has grown steadily on a long-range basis and its sales reached an all-time high of about $13,000,000 last year. The bulk of its sales and all of its income are generated in the first three fiscal quarters rather than in the final quarter when it became a part of Bobbie Brooks. The main benefit of this acquisition thus will be felt in the current year.

## Other Operations

Sales of our other independent subsidiaries and divisions totaled about $42,500,000 last year, an increase of about $5,500,000 or 15 per cent.

We now have a strong foothold in the children's and pre-teen markets through Max Siegel in dresses and Stretchini in sportswear.

The misses or career girl age group is just on the verge of the tremendous population increase which has been so apparent in the teen-age market during recent years. Stacy Ames and its Kelly Arden, Tammy Andrews and Nan-Leslie Divisions, plus our Colebrook subsidiary and our Symphony division, provide us with diversity and strength in meeting the apparel needs of young women in their 20's.

As we have been doing for years in our central Bobbie Brooks operation, we have now developed five-year master plans for all subsidiaries and divisions. Aggressive new advertising programs have been launched. Styling and marketing staffs have been increased; production and shipping facilities expanded.

Perhaps even more important, a corporate staff of merchandising – design, marketing, manufacturing and financial executives is being established in New York City to serve as a consultant group to all of our subsidiaries and divisions. It has the express responsibility of providing them with modern management services to assist them in meeting their five-year master growth plan objectives.

## Marketing Concept

Bobbie Brooks offers the nation's department and specialty stores much more than products alone. Our objective is to provide a comprehensive type of service involving use of our diversified and coordinated styling as a foundation for rapid growth of apparel departments.

Reasons for our success include our strong brand name identity with young consumers, our understanding of how young women buy, and our recognition of their styling needs.

Our concept of selling involves market research; groups of coordinated styles for multiple sales to individual consumers; a steady flow of 350 to 450 new fashions five times a year or more plus year-around basic-in-stock lines to minimize seasonal retail sales valleys; inventory control assistance and rapid shipping of reorders; brand name promotion; and information on how to appeal to young customers.

The number of stores buying between $300,000 to $600,000 a year of Bobbie Brooks merchandise increased to 38 last year, a gain of nearly one third over the previous year, and we now have 153 accounts buying more than $100,000 a year from us.

Service of the type we provide requires a big organization . . . over 300 field representatives for all of our operations, 67 sales offices, 6250 men and women in 26 modern plants and distribution centers, modern management techniques for research and development, computerized coordination of planning and production.

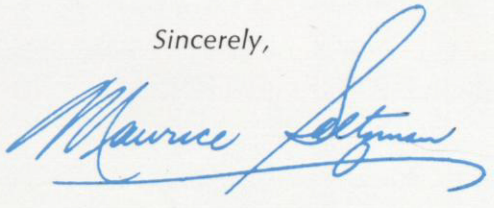
We are in a position today to provide better service than ever before, and a type of service which I believe is unique in our industry.

## Current Outlook

The impact of the Max Siegel Associates acquisition and the first complete year of sales for the new Robbie Rivers line will have a beneficial effect on volume during the current year. Advance bookings in other phases of our operations also are well above a year ago.

Bobbie Brooks thus looks to continuing expansion during the current fiscal year, and all indications point to sustained sales and profit progress.

*Sincerely,*



*President*

July 20, 1966

## Financial Activities

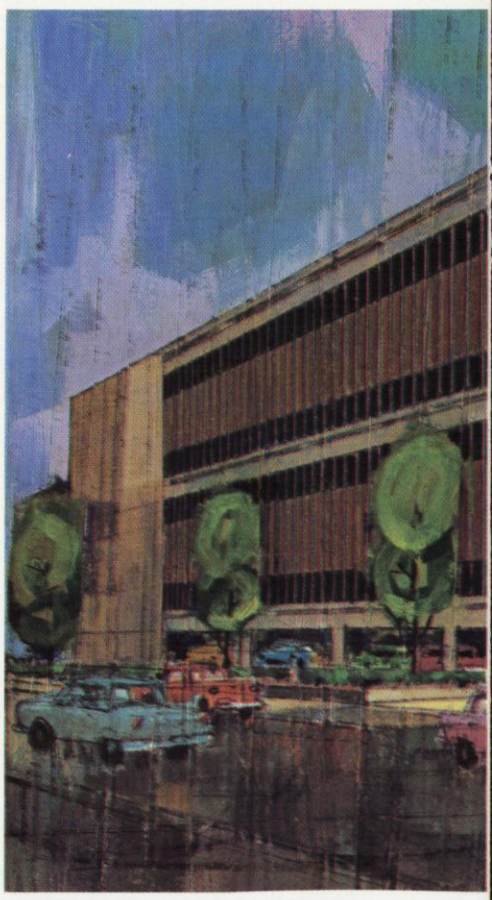
The fact that net income increased 28 per cent on a 15 per cent rise in volume during the past year indicates the success of our profit improvement programs.

Long-term debt at year-end was $3,968,000, considerably less than a year's net income in spite of an increase to provide for a 40 per cent expansion in the size of our headquarters offices at Cleveland. Working capital was $15,924,000 at the year-end, up 18 per cent, and shareholders' equity was $23,605,000, an increase of 20 per cent. Return on shareholders' equity was 25 per cent.

Dividend payments of 60 cents per share during the fiscal year reflect the increase to 15 cents in the quarterly rate last July.

Effective July 15, 1966, the regular quarterly dividend was raised to 17½ cents a share. This is an increase of 17 per cent over the 15 cents previously paid, and is the seventh increase in the past six years. The new amount is exactly four times the original quarterly dividend of 4⅜ cents paid in 1959, following the first public offering of the Company's shares.

Investment in capital improvement and expansion projects totaled $3,430,000 for the year, an all-time high. Principal projects include the addition to the Cleveland office, completion of the new 136,000 square foot leased Stacy Ames headquarters and distribution center in Long Island City, New York, opening of a new Bobbie Brooks knitting plant under lease at Erie, doubling the size of our New York design office, purchase of property adjacent to our Cleveland distribution center, and installation of durable press facilities.



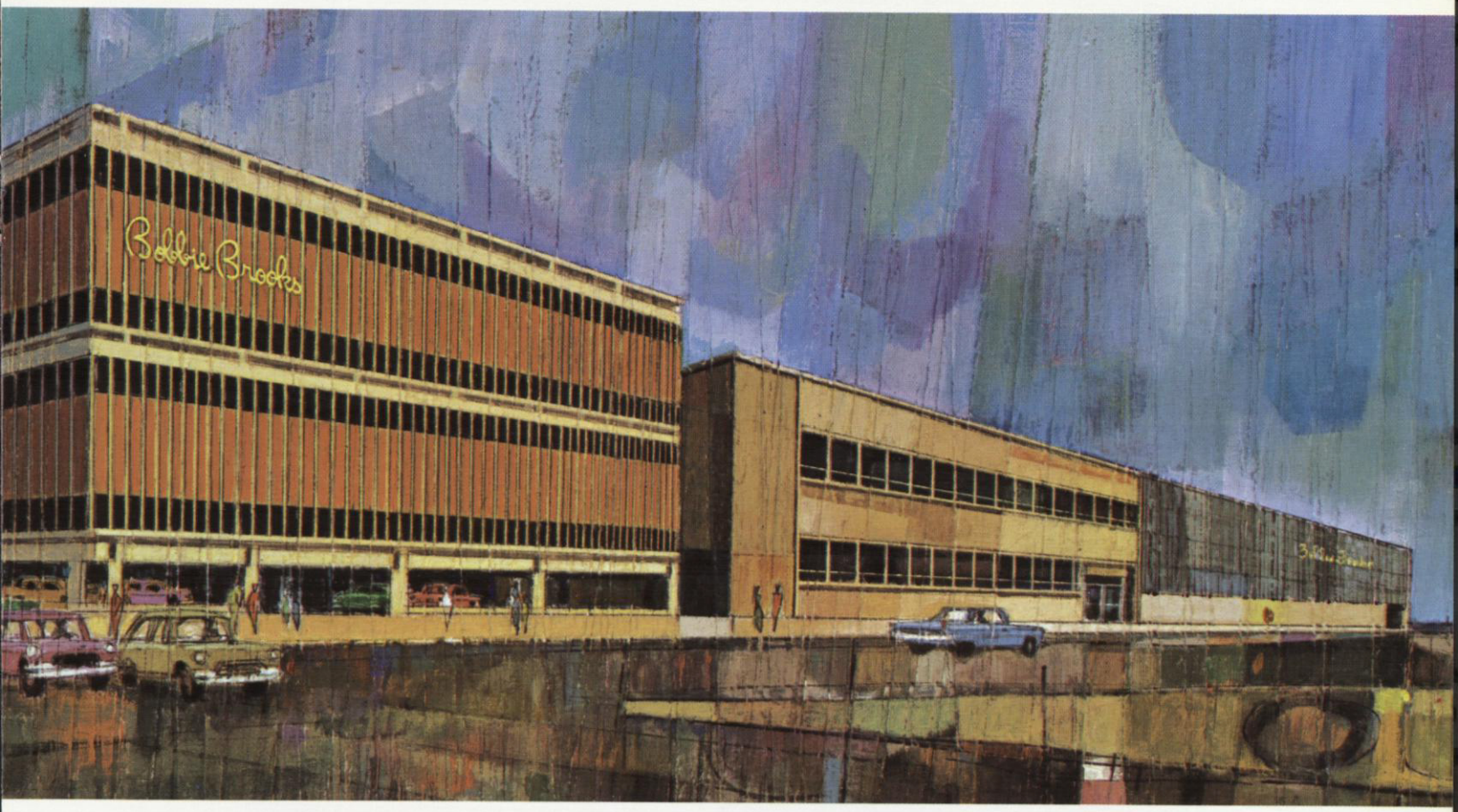
## Merchandising and Design

One of the most far-reaching changes ever to take place in fashion desires is now under way in the junior market. Bobbie Brooks may not have started it, but we have certainly helped.

Short skirts, hipster pants, Carnaby Street styling, and the trend to bikinis and bikini cover-ups are symptoms of junior desires for greater freedom of expression in their apparel, for brighter colors, for new combinations of colors and fabric, and in general for much larger wardrobes.

Fashions change so rapidly and young consumers are so fashion conscious that stores require an equally rapid flow of new styling. This trend gives even greater validity to our five-season approach, as shopping becomes more and more of a hobby with young adult women. A dark-colored slim skirt was once sufficient for a basic-in-stock line; now girls are buying every color in the spectrum.

# CURRENT OPERATIONS AND GROWTH PLANNING




Artist's sketch of our national headquarters and distribution center in Cleveland. Section at left is new, and increases the size of our main office area by 40 per cent.

Up to 2,000,000 garments are kept ready at our national distribution center in Cleveland for rapid shipment to customers, with the aid of automated equipment. A major addition to the center is planned during the current year.

Bobbie Brooks, with its traditional understanding of teen-age fashion desires, and its broad color-coordinated lines, is a principal beneficiary of current junior fashion trends, and is "in gear" to meet it. In fact, we have a new avant garde line which we call "in gear," representing our forecast of the fashions that will be most popular several seasons in the future.

Our merchandising division, responsible for broad concepts of line planning, has been moved to Cleveland and expanded. Our design staff, a part of the merchandising division, has moved to new quarters at One Park Avenue in New York City, with double the staff and double the space.

We also have tied in our line planning and our design work with our manufacturing and shipping activities on a vertical basis. Bobbie Brooks dresses and suits, Bobbie Brooks sportswear, and Robbie Rivers junior petite apparel have each been placed under a single executive in charge of a complete organization responsible for operations in each category from line concept and design through manufacturing and shipping. This enables us to sharpen our styling in each category, and to establish separate profit responsibilities.

Sportswear merchandising meeting at Bobbie Brooks Showroom.

## Manufacturing Expansion

Bobbie Brooks, exclusive of subsidiaries, will undertake the largest physical expansion in its history this year.

Plans are now being completed for an 80,000 to 100,000 square foot centralized cutting operation, which will be built in the Cleveland area at an eventual cost of about $2,000,000.

Cutting is now done in our own plants and those of contractors. By freeing existing plant space, the new cutting center will open the way to a large expansion of plant sewing capacity without a corresponding increase in management personnel or bricks and mortar at our plants. The cutting center will also give us better control over fabrics and quality, and will enable us to introduce many new efficiencies, including the possibility of eventual automated cutting under computer direction.

We also are planning a major addition to our 186,000 square foot Cleveland distribution center. Our present automated center is one of the most efficient in our industry, and the new one will involve an even more advanced, entirely new concept of material handling. The new center will provide shipping capacity to keep pace with our anticipated Bobbie Brooks volume increases of the next five years.

Construction also is under way on a new 42,000 square foot dress plant in Middletown, Ohio, which will be leased by the Company. This will double the capacity of an existing pilot plant, which is being replaced by the new facility.

Meanwhile, our engineering and development activities are continuing to make rapid progress through new methods, cost-cutting programs, our zero defects plan, and our product and systems research.

## Marketing Staff Strengthened

With the long and costly job of establishing Bobbie Brooks marketing offices in the nation's principal cities completed, the marketing division has been able to concentrate on strengthening local services through these 42 offices.

Specialists have been established in Bobbie Brooks dress and sportswear categories, and a Robbie Rivers sales force set up within the marketing division.

The immediate success of Robbie Rivers is an interesting example of our ability to understand and serve our market. Our own consumer panels, some of our salesmen, store buyers and market studies indicated that smaller girls were not being adequately served in junior sizes. Alteration costs were excessive for these girls, and apparel styled for taller young women just did not look right on them. Careful research indicated that these junior petite girls represent a $2,000,000,000 annual apparel market in the 12 to 24 year-old range, and buy as much as 40 to 50 per cent of all junior dresses.

We created a special Robbie Rivers design staff, developed a spring line of 100 junior petite styles in dresses, swimwear and sportswear, sized and styled for smaller girls, and took the story of junior petite merchandise to our customer stores and their consumers. The Robbie Rivers line is being increased substantially, and our initial success with it indicates that it has a very significant potential.

Meanwhile, the sales volume and brand name recognition of Bobbie Brooks merchandise continues to rise steadily with the increased local service provided by our marketing division.

There now are 7350 accounts under the Bobbie Brooks brand

Robbie Rivers . . . "for the lively ones."

name, many of them large stores with as many as 20 or more branches. These accounts bought an average of $10,340 in Bobbie Brooks merchandise last year, compared with $9700 during the preceding year.

We also have developed an entirely new source of income during the past year through our franchising agreements. Several of the new accessories offered under the Bobbie Brooks brand name as part of our "total look," such as textured stockings and swim caps, are sold both by our own salesmen and sales representatives for the companies franchised to make these products. This system multiplies our own sales efforts.

## Max Siegel Associates

A large-scale expansion program already is under way at Max Siegel Associates, our newest acquisition.

With approximately 1000 employees, five plants, and a fine reputation with 4000 customer stores, including many of the nation's leading chain stores, Max Siegel is already an important factor in the children's and pre-teen dress field, and is in an excellent position for expansion.

A new children's and pre-teens division is now being formed. The new division will offer two extensive lines of brand name merchandise, one for children from three to six years old, and one for girls from the age of seven to fourteen.

A design staff has been organized specifically for work on the new branded lines, a New York showroom is being established, a marketing organization is being formed, national advertising back-up support is being planned, and we are hoping for September release of a spring line of brand name merchandise.

Meanwhile, plans are being worked out for construction of a modern new 230,000 square foot facility which will be built in the Newark area to house Max Siegel Associates' headquarters staff and to consolidate cutting, finishing, distribution and sample-making operations. These are now scattered in several multi-story buildings, and the new facility should add substantially to efficiency and income. Also, Max Siegel Associates has just opened a 50 per cent owned plant in Amelia, Virginia, for production of durable press garments.

## Stretchini

Stretchini is a national leader in production of children's stretchwear and co-ordinated sportswear.

With 2750 customer stores and sales of approximately $8,800,000, Stretchini is developing a strong brand identity unusual in the children's apparel industry and has the facilities to serve as a core resource for a growing number of larger stores.

A major expansion of the sales force is under way, and lines have been broadened to include not only stretch but all types of fabrics, with emphasis on the Bobbie Brooks color-coordinated approach. A new line of spectator sportswear has been introduced for fall, and response is excellent.

## "Four Sisters"

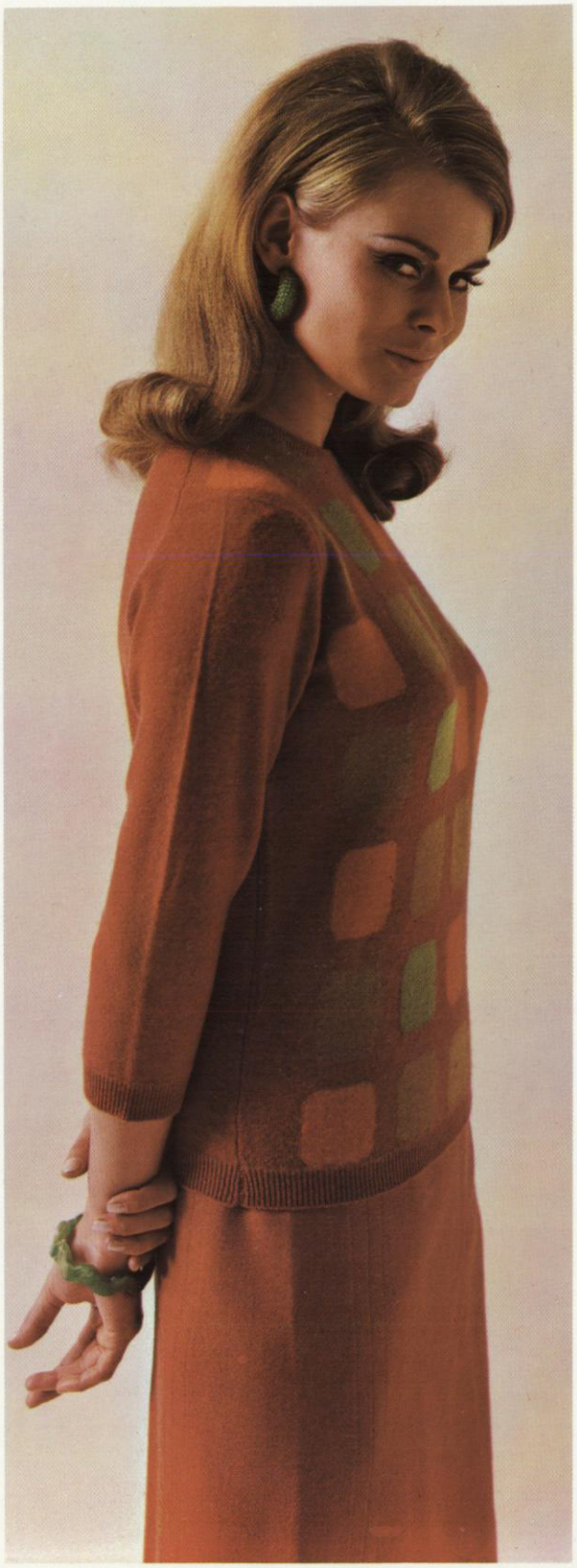
Stacy Ames and its Kelly Arden, Tammy Andrews and Nan-Leslie Divisions had sales of $22,200,000 during the 12 months ended April 30.

Stacy Ames is one of America's principal dress resources and a leader in casual, understated, sophisticated styling for women of all ages, with emphasis on the career girl age group.

A new advertising program is promoting its four brand names as the "Four Sisters," and separate design staffs have been established to provide each of the "Four Sisters" with a more individualized image. First results of this program will be apparent with the fall line. Also, Nan-Leslie is introducing a line of two-piece and three-piece garments with a "costume dress look."

The move to the new 136,000 square foot cutting and distribution facility, full use of our New York computer center in Stacy Ames operations, and a reduction in the number of styles offered with con-

**. and things that won't . . .**



Sportswear by Colebrook.

centration on popular items are expected to improve Stacy Ames profit margins during the current year. Fall bookings are high.

### Colebrook

Colebrook is continuing to strengthen its position as one of the nation's principal sweater suppliers, producing sweaters and sportswear under its own brand name as well as sweaters for Bobbie Brooks.

Sales, exclusive of inter-Company shipments, totaled $7,750,000 last year, and the results of several expansion programs are reflected in improved efficiency.

Design and marketing staffs have been enlarged, and this is reflected in a substantial increase in fall bookings for merchandise sold under the Colebrook brand name.

### Symphony

This young division appears to have a fine potential. It produces a rapidly expanding line of sportswear with a high-style look in a $12 to $15 retail price range, emphasizing fashions based on novelty interest.

### Bobbie Brooks International

Our new Bobbie Brooks International Development Company, formed to intensify our sales effort in other countries, is now developing markets for all of our brand name lines throughout the free world. New licensing arrangements, exports and other foreign operations are among its primary objectives.

### A Big, Expanding Company

Bobbie Brooks fashions are sold to 7350 stores, Robbie Rivers to 3700, Stacy Ames to 7000, Colebrook to 2700, Max Siegel to 4000, Stretchini to 2750. Of course, many of these are the same stores, but the total adds up to over 27,000 departments in leading stores everywhere . . . and the number is increasing.

During the current year alone, we will be building or starting work on major expansions totaling 400,000 square feet or more to keep pace with the growth we see ahead.

All of our surveys indicate that when the nation's young women think of young fashions, the name of Bobbie Brooks comes first to their minds. We enjoy a strong position of leadership in a fast-growing segment of America's vast women's apparel market.

Bobbie Brooks INCORPORATED AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF INCOME

**For the Years Ended April 30, 1966 and 1965**

| | 1966 | 1965 |
|---|---|---|
| Net Sales | $121,200,489 | $105,167,210 |
| Cost of Goods Sold | 82,715,316 | 73,481,082 |
| Gross Profit | 38,485,173 | 31,686,128 |
| Selling, Warehouse, General and Administrative Expenses | 27,845,294 | 23,206,854 |
| Interest | 718,202 | 554,368 |
| | 28,563,496 | 23,761,222 |
| Income Before Income Taxes | 9,921,677 | 7,924,906 |
| Federal and Foreign Income Taxes | 4,454,380 | 3,653,440 |
| Net Income | $ 5,467,297 | $ 4,271,466 |
| Earnings Per Share (Based on Average Number of Shares Outstanding)—Note 4 | $ 1.64 | $ 1.30 |

## CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

**For the Year Ended April 30, 1966**

| | |
|---|---|
| Capital Surplus at Beginning of Year | $ 2,927,859 |
| Stated Value of Additional Capital Shares Issuable for Subsidiary Acquired in 1962—Note 4 | ( 44,000) |
| | 2,883,859 |
| Excess of Exercise Price Over Stated Value of Capital Shares Issued Under Stock Option and Purchase Plans | 492,479 |
| Capital Surplus at End of Year | $ 3,376,338 |

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

**For the Year Ended April 30, 1966**

| | |
|---|---|
| Retained Earnings at Beginning of Year | $13,388,046 |
| Net Income | 5,467,297 |
| | 18,855,343 |
| Cash Dividends | 1,974,851 |
| Retained Earnings at End of Year | $16,880,492 |

Bobbie Brooks

# CONSOLIDATED

## ASSETS

| | April 30, 1966 | April 30, 1965 |
|---|---|---|
| Current Assets: | | |
| Cash | $ 2,278,571 | $ 1,921,109 |
| Accounts Receivable—Trade | 20,210,354 | 16,325,503 |
| Other Advances and Receivables | 966,361 | 1,014,857 |
| Inventories—Note 2 | 26,199,669 | 18,510,680 |
| Prepaid Expenses | 418,928 | 244,967 |
| Total Current Assets | 50,073,883 | 38,017,116 |
| Fixed Assets—At Cost, Less Accumulated Depreciation—Note 3 | 11,448,807 | 9,033,872 |
| Other Assets | 485,830 | 380,848 |
| | $62,008,520 | $47,431,836 |

INCORPORATED AND SUBSIDIARY COMPANIES

# BALANCE SHEET

## LIABILITIES AND SHAREHOLDERS' EQUITY

| | April 30, 1966 | April 30, 1965 |
|---|---|---|
| Current Liabilities: | | |
| Notes Payable—Banks | $13,676,514 | $ 8,374,363 |
| Mortgage Notes—Portion Due Within One Year | 264,554 | 227,120 |
| Accounts Payable—Trade | 14,000,849 | 10,066,346 |
| Accrued Expenses and Sundry Liabilities | 3,631,162 | 3,438,983 |
| Estimated Federal and Foreign Taxes on Income | 2,576,741 | 2,456,170 |
| Total Current Liabilities | 34,149,820 | 24,562,982 |
| Mortgage Notes With Maturities to 1981 | 3,968,406 | 3,101,944 |
| Deferred Taxes on Income | 285,649 | 175,632 |
| Shareholders' Equity: | | |
| Capital Stock—Note 4 | 3,347,815 | 3,319,373 |
| Authorized—6,000,000 Shares—No Par Value Stated Value $1.00 Per Share | | |
| Issued and Outstanding— April 30, 1966—3,347,815 Shares April 30, 1965—3,319,373 Shares | | |
| Capital Surplus | 3,376,338 | 2,883,859 |
| Retained Earnings | 16,880,492 | 13,388,046 |
| | 23,604,645 | 19,591,278 |
| Commitments and Contingencies—Notes 1 and 6 | — | — |
| | $62,008,520 | $47,431,836 |

# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

**For the Year Ended April 30, 1966**

| | | |
|---|---|---|
| Source of Funds: | | |
| Net Income | $5,467,297 | |
| Depreciation | 1,015,118 | $6,482,415 |
| Increase in Long-Term Debt | | 866,462 |
| Proceeds from Issuance of Capital Shares under Stock Option and Purchase Plans | | 520,921 |
| Other Items—Net | | 5,035 |
| | | $7,874,833 |
| Application of Funds: | | |
| Additions to Fixed Assets | | $3,430,053 |
| Cash Dividends | | 1,974,851 |
| Increase in Working Capital | | 2,469,929 |
| | | $7,874,833 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1: PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. Material intercompany items and transactions have been eliminated in consolidation.

On February 1, 1966 the Company purchased the business of Max Siegel Co., Inc., the operations of which are reflected in the income statement from the acquisition date. The purchase was substantially at book value and is contingently subject to an additional maximum payment of $1,400,000 upon the achievement of specified aggregate earnings over a five year period.

## NOTE 2: INVENTORIES

Inventories, stated at the lower of cost or market, consist of the following:

| | April 30, 1966 | April 30, 1965 |
|---|---|---|
| Raw Materials | $10,598,618 | $ 7,619,479 |
| Work in Process | 3,916,791 | 2,915,419 |
| Finished Goods | 11,684,260 | 7,975,782 |
| | $26,199,669 | $18,510,680 |

## NOTE 3: FIXED ASSETS

Fixed assets are summarized as follows:

| | April 30, 1966 | April 30, 1965 |
|---|---|---|
| Land | $ 968,029 | $ 807,241 |
| Buildings and Improvements | 5,779,572 | 4,609,328 |
| Machinery and Equipment | 7,970,126 | 6,251,413 |
| Leasehold Improvements | 1,654,273 | 1,410,990 |
| | 16,372,000 | 13,078,972 |
| Accumulated Depreciation | 4,923,193 | 4,045,100 |
| | $11,448,807 | $ 9,033,872 |

Depreciation charged to income amounted to $1,015,118 and $856,385 for the years ended April 30, 1966 and 1965 respectively. Provision has been made for federal income taxes deferred to future years as a result of depreciating certain fixed assets on an accelerated basis for income tax purposes.

## NOTE 4: CAPITAL STOCK

(a) As at April 30, 1966, 161,203 shares are reserved for issuance upon the exercise of stock options which the Company is authorized to grant to certain officers and employees. Included therein are 120,331 shares optioned at per share prices from $13.50 to $24.57 reflecting a range of 85 to 100 percent of the fair value on the grant dates. The outstanding options are cumulatively exercisable at an aggregate option price as follows:

| Fiscal Year Ending April 30, | Number of Shares |
|---|---|
| 1967 | 58,627 |
| 1968 | 21,093 |
| 1969 | 28,024 |
| 1970 | 12,587 |
| | 120,331 |
| Aggregate Option Price | $2,562,878 |

Additionally, the Company has reserved 46,034 shares for issuance under an Employees' Stock Purchase Plan.

During the year, the authorized number of capital shares was increased from 4,000,000 to 6,000,000 shares.

(b) In connection with the acquisition of a subsidiary acquired on a pooling of interests basis in 1962, 44,000 capital shares have become issuable and are reflected in the financial statements with retroactive recognition as to their effect on per share earnings for each year. A maximum of 45,310 capital shares remain contingently issuable in connection with a subsidiary acquired during 1963.

## NOTE 5: EMPLOYEES' PENSION FUND

The Company has in operation a voluntary non-contributory pension plan which includes certain salaried, hourly and commission basis employees. The plan provides for normal retirement at age 65 or earlier optional retirement under certain conditions. Past service liability as of April 30, 1966 amounted to $335,449 and is currently being provided for by payments in twenty-five annual installments. The cost of the plan for the years ended April 30, 1966 and 1965 was, respectively, $466,674 and $425,577.

## NOTE 6: COMMITMENTS

The Company is lessee under various long-term leases expiring through 1984 and providing for aggregate average annual rentals of $973,000 plus, in some instances, real estate taxes and other occupancy expenses. Leases with aggregate average annual rentals of approximately $335,000 contain options for the Company to acquire the leased properties.

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders
Bobbie Brooks, Incorporated

In our opinion, the accompanying consolidated statements present fairly the financial position of Bobbie Brooks, Incorporated and subsidiary companies as at April 30, 1966, the results of operations for the year then ended and supplementary data as to source and application of funds, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

New York, N. Y.
June 17, 1966

CLARENCE RAINESS & CO.

# Bobbie Brooks TEN-YEAR FINANCIAL SUMMARY**

**Years Ended April 30**

## RESULTS

| | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Sales | $20,912,800 | 22,341,500 | 25,014,600 | 35,721,000 | 52,577,500 | 63,920,900 | 75,762,400 | 93,203,900 | 105,167,200 | 121,200,500 |
| Earnings Before Income Taxes | 1,233,900 | 1,284,100 | 2,133,400 | 3,451,400 | 4,732,900 | 5,808,000 | 6,647,600 | 7,232,800 | 7,924,900 | 9,921,700 |
| Provision For Income Taxes | 652,200 | 655,900 | 1,104,500 | 1,799,600 | 2,412,100 | 2,970,300 | 3,243,800 | 3,480,100 | 3,653,400 | 4,454,400 |
| Earnings After Income Taxes | 581,700 | 628,200 | 1,028,900 | 1,651,800 | 2,320,800 | 2,837,700 | 3,403,800 | 3,752,700 | 4,271,500 | 5,467,300 |
| Net Earnings Percentage of Sales | 2.8% | 2.8% | 4.1% | 4.6% | 4.4% | 4.4% | 4.5% | 4.0% | 4.1% | 4.5% |

## YEAR-END POSITION

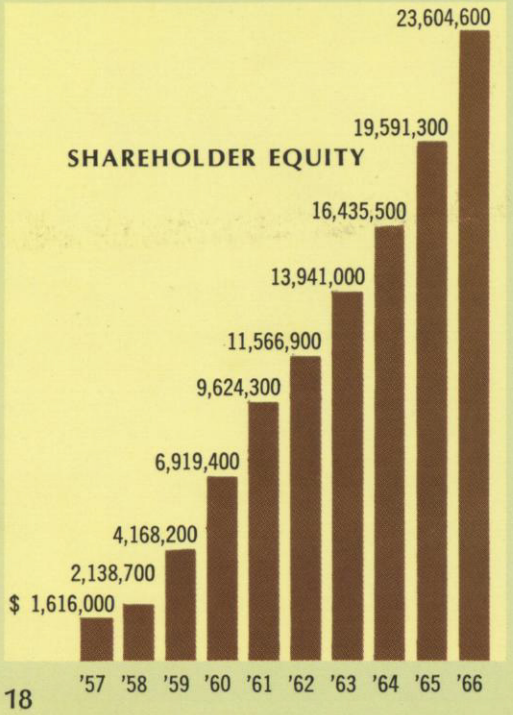
| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Current Assets | $ 6,127,700 | 5,104,800 | 7,044,000 | 11,810,500 | 16,960,100 | 20,674,100 | 24,823,200 | 32,536,700 | 38,017,100 | 50,073,900 |
| Current Liabilities | 4,844,100 | 3,504,400 | 3,758,700 | 6,990,300 | 10,259,400 | 12,358,000 | 15,253,600 | 21,161,000 | 24,563,000 | 34,149,800 |
| Working Capital | 1,283,600 | 1,600,400 | 3,285,300 | 4,820,200 | 6,700,700 | 8,316,100 | 9,569,600 | 11,375,700 | 13,454,100 | 15,924,100 |
| Current Ratio | 1.3 | 1.5 | 1.9 | 1.7 | 1.7 | 1.7 | 1.6 | 1.5 | 1.5 | 1.5 |
| Property, Plant, Equipment—Gross | $ 1,147,800 | 1,567,300 | 1,739,100 | 3,158,700 | 6,822,900 | 7,486,400 | 10,262,300 | 11,392,600 | 13,079,000 | 16,372,000 |
| Accumulated Depreciation & Amortization | 428,600 | 532,100 | 627,200 | 848,600 | 1,485,400 | 2,041,000 | 2,494,200 | 3,238,100 | 4,045,100 | 4,923,200 |
| Property, Plant, Equipment—Net | 719,200 | 1,035,200 | 1,111,900 | 2,310,100 | 5,337,500 | 5,445,400 | 7,768,100 | 8,154,500 | 9,033,900 | 11,448,800 |
| Long Term Debt | 451,900 | 485,700 | 381,400 | 463,000 | 2,786,900 | 2,630,300 | 3,568,200 | 3,329,100 | 3,101,900 | 3,968,400 |
| Preferred Stock Outstanding | — | 100,000 | — | — | — | — | — | — | — | — |
| Common Shareholders' Equity | 1,616,000 | 2,138,700 | 4,168,200 | 6,919,400 | 9,624,300 | 11,566,900 | 13,941,000 | 16,435,500 | 19,591,300 | 23,604,600 |

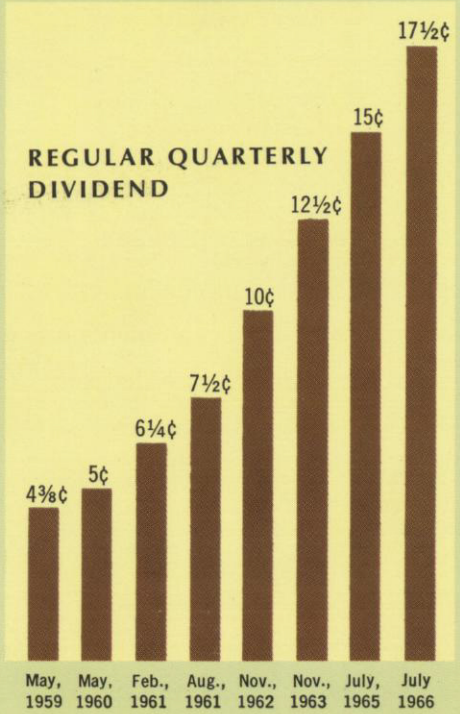
## PER COMMON SHARE*

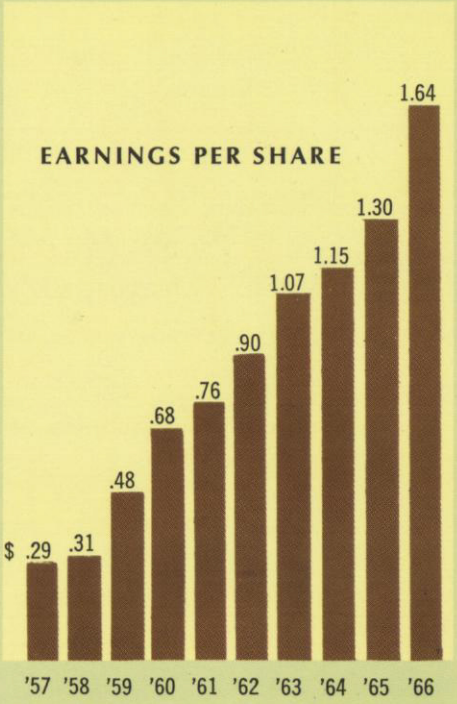
| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Earnings After Income Taxes | $ .29 | .31 | .48 | .68 | .76 | .90 | 1.07 | 1.15 | 1.30 | 1.64 |
| Working Capital | .63 | .79 | 1.54 | 1.96 | 2.20 | 2.63 | 3.01 | 3.48 | 4.09 | 4.78 |
| Common Shareholders' Equity | .79 | 1.05 | 1.95 | 2.82 | 3.16 | 3.66 | 4.39 | 5.03 | 5.95 | 7.09 |
| Average Number of Common Shares Outstanding (Adjusted) | 2,038,656 | 2,038,656 | 2,138,656 | 2,455,322 | 3,048,018 | 3,161,798 | 3,177,768 | 3,269,532 | 3,290,773 | 3,329,697 |

*Based on average number of shares outstanding each period retroactively adjusted for the recapitalization of January 12, 1959 and the two-for-one stock splits effective February 26, 1960 and August 31, 1962.

**Figures for the years 1961 through 1964 have been changed to include the operating results of the companies acquired on a "pooling of interests" basis, as though the present relationship had existed in the year prior to acquisition. Years prior to 1961 have not been so re-stated. Figures for the years 1961 through 1966 have also been adjusted to reflect additional shares issued in connection with an acquisition made in 1962 on a "pooling of interests" basis.



## officers and directors

### Officers

President, Maurice Saltzman

Executive Vice President, Jacob Landis

Executive Vice President, Stan L. Marshall

Vice President, Harry B. Harris

Vice President, William Klein

Vice President, Julius Ludwig

Vice President, David Margolis

Vice President, Walter A. Singer

Secretary, Cele Stein

Treasurer, Calvin J. Cohen

Ass't Vice President, William S. Blau III

Ass't Vice President, Irving Metz

Ass't Secretary, Shirley Kanner

### Board of Directors

Eugene H. Freedheim

Morton Hill

Irving Hochberg

Jacob Landis

Julius Ludwig

David Margolis

Stan L. Marshall

William G. F. Price

Maurice Saltzman

Sam H. Sampliner

Cele Stein

David Warren

Bobbie Brooks National Fashion Board scholarship award dinner at New York City. Over 800 representatives of stores throughout the nation joined Bobbie Brooks in a salute to the 12 high school senior girls awarded $18,500 in scholarships as part of our program to encourage young people to seek careers in fashion and retailing.

## offices and plants

Executive Offices and National Distribution Center
3830 Kelley Avenue, Cleveland, Ohio 44114

### Subsidiary Companies and Divisions

Colebrook Mills, Inc.
1100 East 41 Street, Hialeah, Florida

Max Siegel Associates, Inc.
112 West 34th Street, New York, New York

Stacy Ames, Inc.
32-36 47th Avenue, Long Island City, New York

Stretchini, Inc.
Bridge Street, Irvington, New York

Symphony
525 7th Avenue, New York, New York

Bobbie Brooks International Development Company
One Park Avenue, New York, New York

### Bobbie Brooks Regional Sales Offices and Showrooms

New York
Atlanta
Cleveland
Chicago
Dallas
Los Angeles

### Bobbie Brooks District and Sales Offices

Birmingham
Boston
Buffalo
Charlotte
Cincinnati
Denver
Des Moines
Detroit
Hartford
Honolulu
Houston
Indianapolis
Kansas City
Lexington
Louisville
Memphis
Miami
Milwaukee
Minneapolis
Nashville
Newark
New Orleans
Oklahoma City
Omaha
Peoria
Philadelphia
Pittsburgh
Phoenix
Portland, Ore.
St. Louis
Sacramento
Salt Lake City
San Francisco
Seattle
Springfield, Ill.
Washington

### Plants

Cleveland, Ohio
Bellaire, Ohio
Dover, Ohio
Middletown, Ohio
Butler, Pa.
Erie, Pa.
Lock Haven, Pa.
Montgomery, Pa.
Reading, Pa.
Vandling, Pa.
Washington, Pa.
Deer Park, N. Y.
Irvington, N. Y.
Long Island City, N. Y.
Port Chester, N. Y.
West Helena, Ark.
Lepanto, Ark.
Bowling Green, Mo.
Vandalia, Mo.
Newark, N. J.
Orange, N. J.
Hialeah, Florida
Coamo, Puerto Rico
Amelia, Va.
Farmville, Va.
Whiteford, Md.

### Transfer Agents

The Cleveland Trust Company, Cleveland, Ohio
The Chase Manhattan Bank, New York, New York

### Auditors

Clarence Rainess & Co., New York, New York

### Registrars

Central National Bank of Cleveland
Cleveland, Ohio

Chemical Bank New York Trust Company
New York, New York

### Counsel

Hahn, Loeser, Freedheim, Dean & Wellman
Cleveland, Ohio